SASKATCHEWAN GOVERNMENT GROWTH FUND IV LTD.

2003 Annual Report

Creating economic wealth and diversification through investment

of immigrant investor capital in Saskatchewan

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FUND PROFILE

Saskatchewan Government Growth Fund IV Ltd. ("SGGF IV" or the "Fund") is a government-administered venture capital fund pursuant to the Immigration Regulations, 1978 (Canada), as amended. It was formed to enable immigrant investors to invest in businesses operating in Saskatchewan and facilitate the investors' qualification as Canadian permanent residents under the Immigrant Investor Program.

FINANCIAL HIGHLIGHTS

- SGGF IV incurred a loss in 2003 of $535,000, resulting in an accumulated deficit of $63,000.
- Since SGGF IV's inception in 1997, investments made by the Fund total $32.3 million with $14.2 million invested in small and medium-sized enterprises and $18.1 million invested in infrastructure loans.
- Income from investments for the year was $1.9 million, compared with $1.6 million in 2002.
- The principal amount repaid at maturity of Notes was set at $200 000, with additional payments to be made as cash becomes available on the liquidation of investments.

MESSAGE TO INVESTORS

The priority of Saskatchewan Government Growth Fund IV Ltd. in 2003 was the management of its investments. The objective of the Fund is to achieve the best liquidation proceeds available in the prevailing circumstances in order to provide cash for payments to Noteholders on the maturities of their Notes.

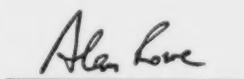
The Fund incurred a loss of $535,000 in 2003 as a result of provisions recorded on investments in several companies which experienced financial difficulty in 2003. These business failures reflect the relatively higher risk associated with investments in small and medium-sized enterprises. A gain on the disposal of one investment partially offset the losses incurred. The loss for the year resulted in an accumulated deficit of $63,000 at December 31, 2003. Based on information currently available, the Fund currently expects that gains on other investments, when liquidation is possible, will offset this deficit.

Prior to the maturity of Notes, the Fund prepares cash flow projections to estimate whether timing differences exist between planned liquidations of investments and scheduled payments to Noteholders. SGGF IV has determined that timing differences, which arise primarily because of the absence of an active market for investments in private companies, require that the payment to Noteholders on maturity of their Notes be set at $200,000. This will ensure that all Noteholders are treated equally. The cash flow projections are reviewed periodically and payments adjusted accordingly. If the assumptions underlying current forecasts prove to be correct, payment of additional amounts may be possible in late 2004 with further payments in 2005.

The regulations of the federal immigrant investor program require that a minimum of 70% of each Note amount must be invested in eligible businesses, as defined by the regulations, for a minimum of five years. During 2003, SGGF IV completed a review to ensure that all Notes satisfy this requirement. For those Notes where the maturity was extended to satisfy the requirement, the Noteholders were advised during 2003 of the new maturity date.

In 2004, SGGF IV will continue to actively manage its remaining investments with a view to achieving the best liquidation proceeds available in the prevailing circumstances so that additional payments can be made to investors whose Notes have matured. As significant new developments occur, such information will be provided to the Noteholders.

Joanne Forer
Chair



Alan M. Rowe
President

February 25, 2004

INVESTMENT PROFILES

The following are profiles of investments held by SGGF IV during 2003, including the principal amount invested at December 31, 2003 and a description of the companies' operations. The date of the initial investment in each company is noted in parentheses.

Big Sky Farms Inc. (November 1998)
$1,000,000 loan

Big Sky Farms, headquartered in Humboldt, Saskatchewan, operates a number of farrow to finish hog operations in Saskatchewan. These operations are among the largest hog production facilities in western Canada.

ETEC Environmental Technologies Equipment Corporation (February 2001)
$437,509 loans; $750,000 common shares

ETEC, based in Saskatoon, develops and manufactures environmentally responsible equipment for the golf and turf maintenance market. In 2002, SGGF IV converted a loan into an equity position and advanced a new loan. An additional loan was advanced in 2003.

FarmGro Organic Foods Inc. (September 1999)

FarmGro Organic Foods, located near Regina, was an organic flour milling, cleaning and bagging facility for organic grains, specialty crops, and seeds. In 2002, the Company defaulted on its loan and a receiver was appointed. No further recovery is expected on this investment.

Flatland Exploration Ltd. (May 2001)
$1,041,668 loans

Flatland Exploration is a Regina-based company involved in the exploration, development and production of oil and natural gas. During 2002, the Company was sold to Bulldog Energy Inc. and an additional loan was advanced.

Master Manufacturing Inc. (June 1999)
$605,066 loans

Master Manufacturing, located in Moose Jaw, Saskatchewan, manufactured a broad range of pre-engineered all-steel buildings and building components. In 2003, the Company defaulted on its loan and a trustee in bankruptcy was appointed. The trustee is in the process of disposing of the Company's assets.

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Nelson Environmental Remediation Ltd. (August 1999)
$329,241 loans

Nelson Environmental Remediation Ltd. provides soil reclamation and remediation services to owners of contaminated sites throughout western Canada, the United States and Europe.

Parkland Strawboard (1998) Inc. (June 2001)
$803,804 loans

Parkland Strawboard manufactured strawboard by a process of compressing wheat straw with a resin to create high-quality, moisture-resistant board used in both the furniture and construction industries. The Company is located in Kamsack, Saskatchewan. In December 2002, the Company discontinued production. In 2003, the Company defaulted on its loan and a trustee in bankruptcy was appointed. The trustee is in the process of disposing of the Company's assets.

Pelorus Navigation Systems Inc. (September 2000)

Pelorus was a Saskatoon-based company that develops advanced airport navigation landing systems using the global positioning system (GPS). It marketed its products to airports around the world. In 2003, the Company ceased operations and a receiver was appointed. No further recovery is expected on this investment.

Star Biotech Inc. (January 1998)
$52,284 common shares

Star Biotech Inc. (formerly Biostar Inc.) is a Saskatoon-based biotechnology company using advanced technologies to develop and produce high value-added, bio-engineered vaccines for animals and humans. In 2000, SGGF IV's debt position was converted to shares and the Company sold its assets for a combination of cash and equity and royalty interests in other companies. SGGF IV's recovery on this investment is dependent on Star Biotech selling its equity and royalty interests.

CAJON Leasing (December 2001)
$1,978,828 loans

R&R, located in Regina, leases vehicles and other assets to Saskatchewan Crown corporations and other government-related entities.

R & R Leasing (December 2001)
$1,305,393 loans

R&R is based in Saskatoon and leases buildings, equipment and vehicles to Saskatchewan Crown corporations, other government-related entities and private enterprises.

MANAGEMENT DISCUSSION AND ANALYSIS

Background

Saskatchewan Government Growth Fund IV Ltd. ("SGGF IV" or the "Fund") is an immigrant investor fund which operates in accordance with the regulations of the federal Immigrant Investor Program (the "IIP"). The Fund began commercial operations in 1997 when it accepted its first subscription deposits. The Fund is financed by subscriptions received from immigrant investors. The objective of the Fund is to invest the proceeds of subscriptions in eligible businesses in Saskatchewan for a five year period as required by the IIP. This allows the immigrant investor to satisfy the investment requirements of the IIP for a Canadian-resident visa.

Obligations to investors

SGGF IV's activities are financed by immigrant investors who have subscribed for unsecured, subordinated promissory notes ("Notes") offered through an Offering Memorandum. The interest rate for a Note is 1.5%. Obligations under the Notes are subordinate to all other liabilities of SGGF IV and repayment is dependent on the proceeds on liquidation of investments and all other available liquidity in excess of other liabilities.

The Notes mature five years from the date of issue. The IIP requires that the maturity date of a Note be extended if, and for so long as, less than 70% of the amount of the Note is invested in the active business operations of eligible businesses in Saskatchewan.

SGGF IV was closed to new subscription applications on March 31, 1999.

At December 31, 2003, obligations to investors totalled $19.2 million (2002 - $32.0 million), comprised of 64 Notes (2002 - $32 million; 128 Notes) which have not yet matured, and 64 Notes (2002 – nil) on which $200,000 has been paid to each investor at the maturity date. The remaining obligations to investors mature in 2004 and 2005.

The IIP requires that 70% of each subscription be invested in eligible businesses within nine months of the receipt of the full subscription amount. As a result of delays in finding suitable investments in prior years, the federal regulator which oversees the IIP had extended this deadline for SGGF IV. During 2003, the Fund completed the investment of amounts received from subscribers in eligible businesses.

The Fund has prepared cash flow projections which indicate that timing differences may exist between planned liquidations of investments and scheduled investor repayments as Notes become due. In order to treat all investors equally, the payments on Notes at maturity have been reduced to $200,000. The payment of any amount in addition to the initial payment at maturity is dependent on the liquidation of investments, many of which are in private companies as required by the federal government regulations that govern immigrant investor funds. These investments typically have more risk than other types of investments. Any forecast of when such investments will be liquidated reflects a best judgment based on current information, and involves a number of risks and uncertainties and other factors that may cause actual results to differ materially from the forecast. If the assumptions underlying current forecasts prove to be correct, payment of additional amounts may be possible in late 2004 and 2005.

Obligations to investors (continued)

SGGF IV continues to actively manage its remaining investments with a view to achieving for investors the best liquidation proceeds available in the prevailing circumstances.

Total interest expense on obligations to investors in 2003 was $376,000 (2002 - $483,000).

Investments

The investment policy of SGGF IV reflects the requirements imposed by both the IIP and the Offering Memorandum through which Notes were offered to investors. To meet these requirements, SGGF IV has established a target initial investment allocation consisting of:

- a maximum of 30% invested in small and medium-sized enterprises ("SMEs") in Saskatchewan;
- 50% invested in loans to support infrastructure projects of the Province of Saskatchewan, and its agencies, municipalities and similar institutions; and,
- the balance invested in cash or liquid debt securities.

As investments are divested over time, the actual portfolio mix changes. Investments in SMEs and loans to support infrastructure qualify as "eligible businesses" for purposes of the IIP.

The following table sets out the investments of the Fund by type at December 31 in each year:

	2003			2002		
	No.	$ millions	%	No.	$ millions	%
Small and medium-sized enterprises						
Debt investments	6	4.2	20.7	8	6.1	18.5
Equity investments	2	0.8	4.0	2	0.8	2.4
Total*	7	5.0	24.7	9	6.9	20.9
Infrastructure loans	3	3.3	16.1		7.3	22.0
Cash and portfolio investments		12.0	59.2		18.9	57.1
		20.3	100.0		33.1	100.0
Provisions for losses		(1.3)			(0.8)	
Net book value		19.0			32.3	
Fair value		18.6				

*Note: The total number of SME investments represents the total number of companies. In some cases, an investment in both debt and equity instruments of the same company may have been made.

Since its inception in 1997, SGGF IV has invested $14.2 million in SME investments and $18.1 million in loans to support infrastructure.

Investments (continued)

Investment income in 2003 totalled $1.9 million compared with $1.6 million in 2002. The increase reflects a gain realized on an investment in 2003 which was partially offset by the reduction in total assets as payments are made on obligations to investors.

Provisions for losses on investments totalled $1.5 million primarily with respect to three SME investments which defaulted on their loans in 2003.

Management

SGGF IV is managed by the Saskatchewan Government Growth Fund Management Corporation (SGGF MC) under a contract which provides for a management fee not to exceed 3% of the net assets of the Fund. SGGF MC has contracted administration and investment advisory services from Crown Capital Partners Inc. ("CCPI"), a private, national investment advisor based in Regina, Saskatchewan, and has retained subadvisors to provide investment advisory services. CCPI is paid a monthly fee for its services and will receive a performance fee based on the retained earnings, if any, of SGGF IV after all investor obligations are repaid in full and all investments have been liquidated. The subadvisors are paid a performance fee based on the performance of the investments managed by each of them.

Administration expense for the Fund totalled $166,000 in 2003, compared with $420,000 in 2002. The reduction is the result of the reversal in 2003 of provisions made for performance fees payable to the manager and subadvisors. The total administration costs, excluding adjustments to accruals for future performance-based fees, represented 1.8% (2002 – 1.8%) of weighted average total assets.

Results of operations

During 2003, the Fund incurred a loss of $535,000, compared with a loss of $562,000 in 2002. The loss was caused by provisions and losses on SME investments in excess of gains realized on disposal of investments. During 2003, investment returns on weighted average total assets, before provisions for losses, were 7.1%. Provisions for losses were 5.7%, interest expense was 1.4%, and all other expenses were 2.1%.

At December 31, 2003, the Fund had an accumulated deficit of $63,000, compared with retained earnings of $472,000 at December 31, 2002.

Outlook and risks and uncertainties

The priority of SGGF IV is the management of its investment portfolio to maximize returns and to provide for liquidation of investments to satisfy the obligations to investors at maturity of their Notes. Additional investments in SMEs and loans to support infrastructure will be made only to replace investments in eligible businesses which are required to satisfy the five-year investment requirements of the IIP or to support the operations and maximize the value of existing SME investments.

The investment allocation of the Fund which is prescribed by the IIP and Offering Memorandum significantly influences the returns available to the Fund. Investments in SMEs, which can represent up to 30% of the Fund's investments, provide an opportunity for higher returns, but also carry a higher risk of losses than other investment types, and a greater challenge to achieving liquidity at the precise time that Notes mature. On the

Outlook and risks and uncertainties (continued)

other hand, the balance of investments which consist of liquid securities and loans to finance infrastructure, are relatively low risk, but also provide low returns that reflect the lower risk exposure.

The significant risks and uncertainties which affect the Fund relate to market risk, credit risk, interest rate risk, and liquidity risk. These risk factors are described in note 10 to the financial statements. The Fund manages these risks to the extent possible; however the factors may affect the ability of the Fund to repay its Notes at maturity. The Fund has no sources of financing the repayment of its Notes other than the proceeds received on liquidation of its investments.

Future accounting changes

Changes in generally accepted accounting principles which are to be implemented no later than fiscal years beginning July 1, 2004 will result in SGGF IV carrying investments in the Statement of Financial Position at fair value. The change in fair value during the year will be recognized through the Statement of Operations. The fair value of investments as at December 31, 2003 has been reported in the notes to the financial statements, and SGGF IV expects to adopt the new accounting policy in its fiscal year ending December 31, 2004.

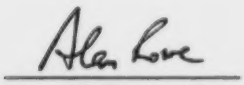
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The President and fund manager of the Saskatchewan Government Growth Fund IV Ltd. are responsible for management of the Fund. The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, and necessarily include amounts which are based on informed judgement and management estimates. Financial data presented elsewhere in this annual report is consistent with that in the financial statements.

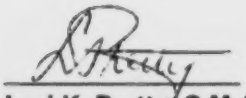
Management's responsibility includes ensuring the integrity and objectivity of financial information. Management maintains an appropriate system of internal accounting and administrative controls, policies and procedures to provide reasonable assurance that all transactions are authorized, financial records are complete and accurate, and assets are safeguarded against loss.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board has established an Audit Committee to review the Fund's accounting policies and financial statements prior to their presentation to the Board for approval. The Audit Committee also reviews the internal controls of the Fund, and meets regularly with the auditors. The Board has reviewed and approved these financial statements.

Deloitte & Touche LLP, the Fund's independent auditors, have examined the financial statements of the Fund. Their responsibility is to conduct an independent and objective audit and to report on the fairness of presentation of the Fund's financial position, results of operations and cash flows as shown in the financial statements. The Auditors' Report outlines the scope of their examination and their opinion.



Alan M. Rowe, C.A.
President



Lori K. Pretty, C.M.A.
Crown Capital Partners Inc.

February 25, 2004

AUDITORS' REPORT

To the Shareholder of Saskatchewan Government Growth Fund IV Ltd.:

We have audited the statement of financial position of Saskatchewan Government Growth Fund IV Ltd. as at December 31, 2003, and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
February 10, 2004

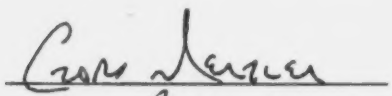
Saskatchewan Government Growth Fund IV Ltd.
(Incorporated under *The Business Corporations* Act of Saskatchewan)
Statement of Financial Position
As at December 31

	2003	2002
Assets		
Cash	**$ 1,577,615**	$ 5,461,691
Portfolio investments (Note 4)	**10,451,835**	13,415,596
Accounts receivable and accrued income	**180,952**	266,612
Investments (Note 5)	**6,969,923**	13,386,837
Deferred costs (Note 6)	**143,576**	519,261
	$19,323,901	$33,049,997
Liabilities and Shareholder's Deficiency		
Accounts payable and accrued liabilities (Note 7)	**$ 34,555**	$ 412,386
Commissions payable	**129,750**	164,750
Accrued interest payable to investors	**22,045**	-
Obligations to investors (Note 8)	**19,200,000**	32,000,000
	19,386,350	32,577,136
Share capital (Note 9)	**1,000**	1,000
(Deficit) retained earnings	**(63,449)**	471,861
	(62,449)	472,861
	$19,323,901	$33,049,997

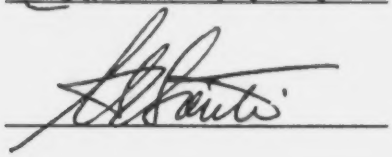
Commitments (Note 14).

See accompanying notes to the financial statements.

On behalf of the Board:



Gordon Mertler
Director



Lloyd Boutilier
Director

Saskatchewan Government Growth Fund IV Ltd.
Statement of Operations and Deficit
For the Year Ended December 31

	2003	2002
Revenues		
Interest from cash and portfolio investments	**$ 558,768**	$ 573,383
Income from investments	**1,318,172**	1,040,225
Other income	**6,895**	25,448
	1,883,835	1,639,056
Provision for credit losses	**1,501,630**	794,984
Net revenue	**382,205**	844,072
Expenses		
Administration (Note 11)	**165,734**	419,669
Interest on obligations to investors	**376,096**	483,330
Amortization of deferred costs	**375,685**	503,063
	917,515	1,406,062
Net loss	**(535,310)**	(561,990)
Retained earnings, beginning of year	**471,861**	1,033,851
(Deficit) retained earnings, end of year	**$ (63,449)**	$ 471,861

See accompanying notes to the financial statements.

Saskatchewan Government Growth Fund IV Ltd.
Statement of Cash Flows
For the Year Ended December 31

	2003	2002
Cash flows from operating activities		
Net loss	**$ (535,310)**	$ (561,990)
Adjustments:		
Amortization of deferred costs	**375,685**	503,063
Provision for credit losses	**1,501,630**	794,984
Amortization of premium and discount on bonds	**80,699**	24,949
Net change in non-cash balances related to operations (Note 12)	**(305,126)**	316,063
Cash flows from operating activities	**1,117,578**	1,077,069
Cash flows from investing activities		
Purchase of portfolio investments	**(12,743,516)**	(11,982,485)
Sale of portfolio investments	**15,626,578**	8,906,284
Disbursements on investments	**(265,297)**	(806,956)
Repayments of investments	**5,180,581**	3,731,234
Cash flows from investing activities	**7,798,346**	(151,923)
Cash flows from financing activities		
Repayment of obligations	**(12,800,000)**	(500,000)
Cash flows from financing activities	**(12,800,000)**	(500,000)
Net (decrease) increase in cash	**(3,884,076)**	425,146
Cash, beginning of year	**5,461,691**	5,036,545
Cash, end of year	**$ 1,577,615**	$ 5,461,691
Interest paid during the year	**$ 354,051**	$ 483,329

See accompanying notes to the financial statements.

Saskatchewan Government Growth Fund IV Ltd.
December 31, 2003

1. Status of the Corporation

Saskatchewan Government Growth Fund IV Ltd. ("SGGF IV") was incorporated in December 1994 under *The Business Corporations Act* (Saskatchewan) and has been accepted as a government administered venture capital fund under the federal government's Immigrant Investor Program ("IIP"). Under this program, SGGF IV was established to raise $35,000,000 through a note offering. Each note is a 1.50% unsecured, subordinated debt instrument with a principal amount of $250,000, repayable in five years provided that 70% of the proceeds are invested in eligible businesses ("Notes") throughout the five year period. The marketing period for SGGF IV ended on March 31, 1999.

The Confidential Offering Memorandum ("Memorandum") and the IIP prescribe various conditions which qualify an investment as an eligible business, including a requirement that the business be Saskatchewan based and have assets, including assets of associated companies, of less than $35 million.

As stated in the Memorandum, the Government of Canada and the Government of the Province of Saskatchewan offer no guarantees or assurances on the financial performance of SGGF IV or of a return of an investor's original investment. Neither government will be liable for any loss or damages suffered by an investor as a result of an investment in the Notes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following are considered significant:

Measurement uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed quarterly and, as adjustments become necessary, they are reported in the Statement of Operations and Deficit in the period in which they become known.

Portfolio investments

Term Deposits and Government of Canada Treasury Bills ("T-Bills") are valued at cost. Government of Canada Bonds ("Bonds") are valued at amortized cost.

Investments

Investments include debt and equity investments in private companies. Income from debt investments is recognized as earned and income from equity investments is recognized when received.

Debt investments are carried at cost, net of provisions for credit losses.

2. Significant accounting policies (continued)

Provisions for credit losses are established on impaired debt instruments ("loans"). A loan is considered to be impaired if, as a result of a deterioration in credit quality, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. Any loan on which contractual payments are in arrears for 90 days or more is usually assumed to be impaired. Other factors that are considered in determining whether a loan is impaired include the overall credit quality of the borrower and the fair value of the underlying security. When a loan becomes impaired, recognition of interest income ceases. A provision for specific credit losses is established for impaired loans to reduce their value to the estimated fair value of the security underlying the loan. If the credit quality of the loan subsequently improves a provision is reduced or reversed.

Investments in equities are carried at the lower of cost and, where a loss in value that is other than temporary has occurred, net realizable value. Investments that are evaluated as possibly being subject to a loss in value are assessed periodically based on appropriate criteria, including past operating results of the investee, financial outlook of the investee, recent capital transactions, and their associated value, between the investee and arm's length parties, and liquidity or going concern problems of the investee.

When a decline in the value of an equity investment is no longer considered to be temporary, the investment is written down through a provision and is carried at the written down value until disposal of the equity investment.

During the year, generally accepted accounting principles changed to limit the situations where investee companies over which an entity has significant influence are not consolidated. SGGF IV continues to meet the requirements and therefore investments which SGGF IV intends to dispose of in due course are not consolidated. The ability to account for investments in this manner will cease in October 2004.

Fair values for publicly-traded securities are determined with reference to quoted closing market prices. For investments which are not publicly-traded, fair values are determined by management on the basis of the expected realizable value of the investments if they were disposed of in an orderly manner over a reasonable period of time. There is no active secondary market for many investments which are not publicly-traded, and there is considerable uncertainty and a potentially broad range of outcomes with respect to the future cash flows from these investments. Valuations of such investments are subject to a number of assumptions and uncertainties that may cause actual values realized on disposal to differ materially from the fair value estimated at any particular time.

Deferred costs

Deferred costs include consulting, legal, administrative, accounting, general and printing costs associated with SGGF IV's offering. Commissions paid or payable on subscriptions received have also been deferred. Deferred costs, including commissions, are amortized over five years from date of Note issuance.

2. Significant accounting policies (continued)

Commissions payable

According to the terms of marketing agreements entered into by SGGF IV, a commission is payable to the independent marketing agents selling the Notes upon the issuance of the investor's immigrant visa.

Obligations to investors

Obligations to investors represent the Notes issued to investors of SGGF IV. Their investment helps to satisfy a portion of their visa requirements under the IIP. Interest to the maturity date on Notes is accrued at an annual rate of 1.50% from the date of Note issuance until maturity and is paid annually on December 31 and at maturity; thereafter, interest is accrued on any remaining balance outstanding.

3. Provisions of the IIP

Minimum holding period and maturity of the Notes

A Note is issued to evidence receipt of the full subscription amount on the date that at least 70% of the subscription amount has been invested in eligible businesses. Each Note is scheduled to mature five years from such date, provided SGGF IV maintains at least 70% of the Note continuously invested in the active business operations of eligible businesses for five years following the issuance date. The IIP contains provisions that require the maturity date of a Note be extended if, and for such period that, a minimum of 70% of the Note amount ceases to be invested in the active business operations of eligible businesses.

4. Portfolio investments

Security	Rate %	Maturity Date	Par $	**2003 Carrying Value $**	2002 Carrying Value $
Bond	5.00	1/9/04	1,500,000	**1,497,992**	1,495,313
Bond	6.00	1/9/05	960,000	**971,573**	978,188
Bond	5.00	1/9/04	6,200,000	**6,275,723**	-
Term Deposit	3.01	8/12/04	1,706,547	**1,706,547**	-
T-Bill	3.39	22/5/03	4,100,000	-	3,966,299
Bond	5.75	1/6/03	2,400,000	-	2,410,506
T-Bill	2.94	4/12/03	1,000,000	-	972,890
Term Deposit	3.05	9/12/03	3,592,400	-	3,592,400
				10,451,835	13,415,596
Fair value				**10,535,437**	13,532,212

5. Investments

	2003	2002
Debt instruments	$ 7,501,509	$13,378,302
Equity instruments	802,284	802,285
Provision for credit losses	(1,333,870)	(793,750)
	$ 6,969,923	$13,386,837
Fair value	$ 6,475,000	

Included in investments is $2,586,163 (2002 - $2,680,189) of impaired investments, against which the accumulated provision for credit losses is $1,333,870 (2002 - $793,750), upon which income is not accrued. During the year $961,510 (2002 - $1,331) of investments and costs have been written off.

During the year, investments decreased as follows:

	2003	2002
Balance, beginning of year	$13,386,837	$17,106,196
New investments	265,297	806,956
Book value of divestments	(5,180,581)	(3,731,234)
Investments and costs written off	(961,510)	(1,331)
Net change in provision for credit losses	(540,120)	(793,750)
Balance, end of year	$ 6,969,923	$13,386,837

6. Deferred costs

Deferred costs have been recorded net of accumulated amortization of $1,286,641 (2002 - $2,033,456).

7. Accounts payable and accrued liabilities

Included in accrued liabilities is a provision of $14,481 (2002 - $231,126) for future fees payable to investment subadvisors under the terms of their respective investment services agreements. These amounts are payable to the investment subadvisors upon liquidation of the portfolio under their management and upon achievement of certain performance targets.

Included in accrued liabilities in 2002 is a provision of $97,676 for future fees payable to the manager under the terms of a management services agreement. This amount is based on the retained earnings of SGGF IV and payable to the manager only upon liquidation of all investments and repayment of all Notes.

8. Obligations to investors

Notes – 1.50% unsecured subordinated Notes.

The obligation at December 31 is:	**2003**	2002
128 Notes (2002 - 128 Notes)	**$19,200,000**	$32,000,000

The obligation is comprised of 64 (2002 - 128) Notes with a face value of $250,000 and 64 (2002 - NIL) Notes with a remaining face value of $50,000.

Obligations under the Notes are subordinate to all other liabilities of SGGF IV and repayment is dependent on the proceeds on liquidation of investments and other available liquidity in excess of other liabilities. The Notes are irrevocable except in the case of a visa refusal.

The following is the schedule of Note maturities as at December 31, 2003:

Notes matured prior to 2004	$ 3,200,000
2004	9,750,000
2005	6,250,000
	$19,200,000

As a result of differences in the timing of proceeds from investments and scheduled maturities of Notes, SGGF IV reduced repayments on each Note that matures, beginning in January 2003, to $200,000. It is not known when sufficient liquidity will exist to allow repayment of the balance of each Note outstanding. Interest due on the remaining principal amount of each Note on which the principal is partially repaid was accrued.

9. Share capital

The authorized common share capital of SGGF IV at December 31 is:

Class A common shares - an unlimited number of voting common shares. Holders of the Class A common shares are not entitled to receive dividends.

Class B common shares - an unlimited number of voting common shares. Holders of the Class B common shares are entitled to receive dividends.

The issued common share capital at December 31 is:

	2003	2002
1,000 Class A common shares	**$1,000**	$1,000

10. Risk management

SGGF IV's primary business is the raising of capital from immigrant investors and placing these funds in new and expanding Saskatchewan businesses. This entails exposure to market risk, credit risk, interest rate risk and liquidity risk. These risk factors may impact upon SGGF IV's ability to repay its Notes at maturity.

Market risk

Market risk is the risk that the fair value of an investment may be affected by the ability of an investee company to profitably distribute its products. Some of the companies in which SGGF IV invests are dependent upon a single product or industry. SGGF IV manages this risk through careful due diligence prior to committing funds to the investment and by diversifying its investments across various industry sectors.

Credit risk

Credit risk is the risk that an investee will fail to perform its obligations. Concentration of credit exposure may arise given that SGGF IV restricts its investments to businesses operating in Saskatchewan and therefore all investments are subject to a similar general economic environment. In addition, changes in commodity prices and foreign currency exchange rates may significantly affect the financial position of some investees. SGGF IV conducts thorough due diligence prior to committing to an investment and actively monitors the financial health of its investees on an on-going basis.

Interest rate risk

Interest rate risk is the risk that SGGF IV's earnings will be affected by fluctuations in interest rates. SGGF IV manages this risk through careful monitoring and matching the duration of its portfolio investments and investments with the duration of its obligations to investors.

Liquidity risk

Liquidity risk is the risk that SGGF IV will encounter difficulty in liquidating its investments at the time it is required to repay Notes. Due to the nature of some of SGGF IV's investments, the timing of cash flows from its investments may not exactly match the payments owing under SGGF IV's Notes. SGGF IV carefully monitors the duration of its investments. However, timing differences may require SGGF IV to reduce or delay the payments owing on Notes at maturity.

Fair value - obligations to investors

No secondary market for the Notes exists. Due to the unique features associated with the Notes, the calculation of a fair value with appropriate reliability is impractical. The risk factors that affect the fair value of investments, as described above, also affect the fair value of obligations to investors. Repayment of these obligations at maturity is dependent upon the value and liquidity of investments at that time.

11. Administration

Under the terms of a management agreement, expiring in 2004, between SGGF IV and Saskatchewan Government Growth Fund Management Corporation ("SGGF Management Corporation"), SGGF Management Corporation administers the assets of SGGF IV with the assistance of a manager that performs fund administration and investment management together with several investment subadvisors. SGGF Management Corporation does not guarantee the financial performance of SGGF IV. All services provided to SGGF IV are charged on a fee for service basis. The costs billed to the fund by SGGF Management Corporation are as follows:

	2003	2002
Manager's fees	$ 417,101	$ 562,651
General administration	34,368	9,130
Directors' fees and expenses	8,923	10,504
Legal and professional	19,663	21,397
	480,055	603,682
Provision for manager's profit share	(97,676)	(116,332)
Provision for investment advisors' profit share	(216,645)	(67,681)
	$ 165,734	$ 419,669

12. Net change in non-cash balances related to operations

	2003	2002
Accounts receivable and accrued income	$ 85,660	$ 436,937
Deferred costs	-	37,500
Accounts payable and accrued liabilities	(377,831)	(140,874)
Commissions payable	(35,000)	(17,500)
Accrued interest payable to investors	22,045	-
	$(305,126)	$ 316,063

13. Income taxes

A provincial Crown corporation, SGGF Management Corporation, owns all of the issued shares of SGGF IV. Therefore, SGGF IV is income tax exempt.

14. Commitments

The total amount of investments approved but not yet disbursed is $150,000 (2002 - $1,060,107).

15. Related party transactions

Included in these financial statements are amounts resulting from transactions with SGGF Management Corporation pursuant to a management agreement referred to in Note 11. Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms. Total fees charged to SGGF IV by SGGF Management Corporation amounted to $480,055 (2002 - $603,682). Total fees payable to SGGF Management Corporation at December 31, 2003, and included in the above, are $10,269 (2002 – $26,530).

FIVE YEAR FINANCIAL SUMMARY

Saskatchewan Government Growth Fund IV Ltd.
(in thousands of dollars)

Financial Position
As at December 31

	2003	2002	2001	2000	1999
Assets					
Cash	$ 1,578	5,462	5,037	2,888	11,621
Portfolio investments	10,452	13,416	10,364	9,435	3,500
Investments	6,970	13,387	17,106	21,380	18,018
Other assets	324	785	1,763	2,179	2,606
Total assets	$ 19,324	33,050	34,270	35,882	35,745
Liabilities and Equity					
Obligations to investors	$ 19,222	32,000	32,500	33,256	34,042
Other liabilities	164	577	735	803	593
Equity	(62)	473	1,035	1,823	1,110
Total liabilities and equity	$ 19,324	33,050	34,270	35,882	35,745

Operating Results
For the years ended December 31

	2003	2002	2001	2000	1999
Revenues					
Investment income	$ 1,318	1,040	1,152	1,114	529
Lease revenue	-	-	3,122	2,817	1,762
Interest from cash and portfolio investments	559	573	635	747	831
Other income	7	26	29	23	228
	1,884	1,639	4,938	4,701	3,350
Provision for losses on investments	1,502	795	1,548	(39)	275
Net revenue	382	844	3,390	4,740	3,075
Expenses					
Administration	166	420	674	839	319
Financing	751	986	3,504	3,188	2,278
Total expenses	917	1,406	4,178	4,027	2,597
Net (loss) income	$ (535)	(562)	(788)	713	478

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Harwood Davies
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Gordon Mertler
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Fund Manager

Saskatchewan Government Growth Fund Management Corporation, which has retained Crown Capital Partners Inc. to provide management services.

Crown Capital Partners Inc.
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Alan M. Rowe, C.A., Partner Responsible for SGGF
Christopher J. Anderson, C.F.A., Partner
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